

Things to know if you want to apply to your financial institution based on shortened life expectancy; a minimal amount of money in your LIRA, LIF, or LRIF; or to withdraw an excess contribution to avoid a tax penalty :

#### Shortened life expectancy:

You may apply to withdraw some or all of the money in your LIRA, LIF or LRIF if you have an illness or physical disability that is likely to shorten your life expectancy to less than two years.

Your application must include a signed statement attesting to your condition from a medical doctor licensed to practice in Canada.

The financial institution that administers your locked-in account will provide you with the appropriate application form and information.

#### A minimal amount of money in your LIRA, LIF, or LRIF:

Special access rules apply if the total value of all the funds in your locked-in account(s) is less than a certain amount. If you are 55 years of age or older, you have the option of withdrawing all the money and terminating the account(s).

The qualifying set amount changes annually and cannot exceed 40% of the Year's Maximum Pensionable Earnings (YMPE) established by the *Canada Pension Plan*. (For the year 2000, the set amount for the purpose of terminating a LIRA, LIF, or LRIF is a maximum of \$15,040).

The financial institution that administers your LIRA, LIF, or LRIF will provide you with the appropriate application form and information.

#### An amount that exceeds federal Income Tax Act limits:

A locked-in account that contains assets worth more than the maximum amount allowed under federal tax law is subject to a penalty payment each year. If you are in this situation, you may apply to withdraw the excess assets, and any investment income earned on the excess assets, from your locked-in account in order to avoid paying a penalty in the future.

To qualify for this type of withdrawal, your application must document the precise value of the excess amount of assets that were transferred from your former pension plan into your LIRA, LIF or LRIF. You must provide a letter containing this information from either the administrator of your former pension plan, or the Canada Customs and Revenue Agency (formerly Revenue Canada).

The financial institution that administers your LIRA, LIF or LRIF will provide you with the appropriate application form and information.

#### Important points to remember:

- ✓ Any money withdrawn from a locked-in account is no longer creditor-proof, and may be seized by creditors.
- ✓ Money withdrawn from your locked-in account may be subject to income tax withholding at the time the withdrawal is made.
- ✓ Before you make an application in Ontario for special access to money in your LIRA, LIF, or LRIF, it's important to verify that your locked-in account is subject to Ontario law, rather than federal legislation or the law of another province or territory. If you worked for a federally regulated industry such as banking or airline transportation, for example, your locked-in account may be subject to federal law. If you're not sure, check with the bank, insurance company or other institution that administers your account.
- ✓ If you have a spouse or same-sex partner, you **must** include their signed consent on your application to withdraw money from a LIRA, LIF, or LRIF because of financial hardship, shortened life expectancy, or minimal amount at age 55. If you are applying to avoid a tax penalty, obtaining your spouse's or same-sex partner's consent is not required.
- ✓ If you are applying to FSCO in the case of financial hardship, once you have completed, signed and dated it, your application must be received **within 60 days**. An application that is received more than 60 days after the date it is signed cannot be accepted. The same rule applies if you are applying based on shortened life expectancy; a minimal amount of money in your LIRA, LIF, or LRIF; or avoiding a tax penalty on excess contributions. The institution that administers your LIRA, LIF or LRIF must receive your application within 60 days of the date it is signed.
- ✓ You may only apply for special access to one locked-in account at a time.
- ✓ Withdrawing money from your locked-in account may affect your eligibility for certain government benefits, such as social assistance.

#### Glossary of Terms

Your application form for special access to a LIRA, LIF, or LRIF will contain some terms that, for the purposes of the application, are defined as followed:

##### Spouse

You have a spouse if you and a person of the opposite sex are married to each other; or are not married to each other and are living together in a conjugal relationship that has lasted at least three years; or in a conjugal relationship of some permanence if you and the person are the parents of a natural or legally adopted child. However, you may only make a claim on behalf of a spouse if you are living together on the date your application is signed.

##### Same-sex partner

You have a same-sex partner if you and a person of the same sex are living together in a conjugal relationship that has lasted at least three years; or in a conjugal relationship of some permanence if you and the person are the parents of a natural or legally adopted child.

##### Dependent family members

Your dependants may include natural or adopted children, grandchildren, parents, grandparents, brothers, sisters, uncles, aunts, nieces and nephews. The dependant must rely on you, or your spouse or same-sex partner for support during the year that you make your application, or in the previous year.

Financial Services  
Commission  
of Ontario



(416) 250-7250, 1-800-668-0128

TTY (416) 590-7108, 1-800-387-0584

[www.fSCO.gov.on.ca](http://www.fSCO.gov.on.ca)

Ce feuillet de renseignements est également disponible en français

CA20N  
TR600  
-Z007



## A Guide to Applying for Special Access

#### To your

- Locked-in Retirement Account (LIRA)
- Life Income Fund (LIF), or
- Locked-in Retirement Income Fund (LRIF)

Financial Services  
Commission  
of Ontario





In Ontario, your ability to take money from a locked-in retirement savings account is subject to certain rules set out in federal and provincial pension law. Normally, you must wait until you turn 55 before you start receiving retirement payments from your LIRA, LIF, or LRIF, and there are limits set on the minimum and maximum payments you can receive in any one year.

However, in certain situations – such as financial hardship or shortened life expectancy – you may be able to get special access to the money in your locked-in account, or take out more than is usually allowed.

This brochure will help you determine if you are eligible to apply for special access to your locked-in account, and how to go about it.

#### What is a locked-in retirement savings account?

If you terminate your membership in a pension plan, you may choose to transfer the value of your pension benefits into a locked-in account. There are three types:

- **Locked-in Retirement Account (LIRA)**
- **Life Income Fund (LIF)**
- **Locked-in Retirement Income Fund (LRIF).**

#### Under what circumstances can I apply for special access to my LIRA, LIF, or LRIF?

In general, you may apply for any of the following reasons:

- You are facing specific types of financial hardship
- You have a shortened life expectancy of two years or less
- You are at least 55 years old and the total value of the funds in your locked-in account(s) is less than a certain amount, which changes every year

Your locked-in assets exceed federal *Income Tax Act* limits.

#### Where should I apply?

##### **Financial hardship**

You must apply for the consent of the Superintendent of Financial Services at the Financial Services Commission of Ontario (FSCO). To obtain an application form and further information, contact:

Financial Services Commission of Ontario  
Financial Hardship Unlocking Section  
5160 Yonge Street  
Box 85  
North York ON M2N 6L9

General inquiry: (416) 226-7889  
Fax: (416) 590-7070  
Toll free in Ontario: 1-800-668-0128  
TTY toll free in Ontario: 1-800-387-0584.

##### **Shortened life expectancy; minimal amount at age 55; or amount that exceeds federal Income Tax Act limits**

You must apply directly to the bank, insurance company or other financial institution that administers your LIRA, LIF, or LRIF. The institution will provide you with an application form and further information.

If you have access to the Internet, you can obtain further information and download both application forms, and guides to filling out the forms, from FSCO's website at [www.fSCO.gov.on.ca](http://www.fSCO.gov.on.ca).

#### Things to know if you are facing financial hardship and wish to apply to FSCO

FSCO will give prompt, careful attention to applications based on financial hardship, but can't consent to the withdrawal of money unless your situation meets strict criteria set out in the regulations under the *Pension Benefits Act*.

Before applying, it's important to make sure that your financial situation falls into a qualifying category. If it doesn't, your application cannot be approved.

In addition, before you make an application, it's a good idea to make a detailed list of your assets, and any assets belonging to your spouse (if you are living together) or your same-sex partner.

If you are making an application in order to help a family member who is financially dependent on either you, your spouse or same-sex partner, you should also make a list of any assets belonging to that person.

You may be expected to use some of your assets to deal with the hardship. If you own eligible assets, the regulations require that their value be deducted from the amount of money you are applying to withdraw from your LIRA, LIF, or LRIF. Once this has been done, the regulations also require that you qualify to withdraw at least \$500. If the review of your application shows that you are only eligible to withdraw less than \$500, your application cannot be approved. The same rules apply to any assets owned by your spouse or same-sex partner. If you are making an application to help a financial dependant of either or both of you, the rules apply to the dependant's assets as well.

However, many types of assets are exempt from this requirement and do not need to be used to deal with the hardship. These include:

- your principal residence
- a personally-operated business or farm (to a limit of \$50,000)
- motor vehicles
- essential tools of trade necessary to employment
- personal items, such as clothing and jewelry.

#### Financial hardship requirements

There are six categories of financial hardship that may qualify you to withdraw funds from your LIRA, LIF, or LRIF:

##### **1 Low income**

If you submit your application in this category, your expected total personal income before taxes for the next 12 months must be less than \$25,066.66 in the year 2000. This amount changes every year.

##### **2 Risk of eviction from your home**

You (or your spouse or same-sex partner) must have received a written demand from the creditor for money owed on a debt secured against your residence — for example, a mortgage, property lien, or property taxes. You must need money to avoid the risk of eviction.

##### **3 Risk of eviction from your rented residence**

You (or your spouse or same-sex partner) must have received a written demand for the payment of rent owed, and need money to avoid the risk of eviction.

##### **4 You need money in order to pay the first and last months' rental deposits on a residence you wish to rent.**

##### **5 You need money to pay for medical treatment for you, your spouse or same-sex partner, or any dependants of either of you.**

The medical expenses you claim cannot be covered by a provincial health plan, your private health insurance, or any other source. You may claim for expenses already paid or for expenses you will incur in the future. You will need to provide a doctor's letter stating that the medical treatment is necessary.

##### **6 You need money for residential renovations, alterations, or construction to accommodate the use of a wheelchair, or other purposes related to a disability or illness.**

The illness or disability must affect you, your spouse or same-sex partner, or a dependant of either of you. The renovations or alterations can be made to your home or the dependant's home. The money can also be applied to the cost of including features to accommodate an illness or disability in the construction of a new home. You must provide a doctor's letter stating that the renovations, alterations, or construction are necessary to accommodate an illness or disability.

#### Administrative Fee

Applicants will be charged a fee to partially offset administrative costs at FSCO.

